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PUBLIC UTILITIES
COMMISSION

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FILED

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
PUBLIC UTILITIES COMMISSION)
Instituting a Proceeding to Investigate)
Distributed Generation in Hawaii)

DOCKET NO. 03-0371

DIVISION OF CONSUMER ADVOCACY'S
RESPONSES TO SUPPLEMENTAL INFORMATION REQUESTS
SUBMITTED BY THE PARTIES ON THE CONSUMER ADVOCATE'S
RESPONSES TO INFORMATION REQUESTS FILED ON THE
CONSUMER ADVOCATE'S WRITTEN DIRECT TESTIMONY

Pursuant to the agreed upon schedule set forth in Prehearing Order No. 20922, the Consumer Advocate submits its **RESPONSES TO SUPPLEMENTAL INFORMATION REQUESTS SUBMITTED BY HAWAIIAN ELECTRIC COMPANY, INC./HAWAII ELECTRIC LIGHT COMPANY, INC./MAUI ELECTRIC COMPANY, LIMITED; KAUAI ISLAND UTILITY COOPERATIVE; HAWAII RENEWABLE ENERGY ALLIANCE; HESS MICROGEN, LLC AND THE COUNTY OF MAUI ON THE CONSUMER ADVOCATE'S RESPONSES TO INFORMATION REQUESTS FILED ON THE CONSUMER ADVOCATE'S WRITTEN DIRECT TESTIMONY** in the above docketed matter.

DATED: Honolulu, Hawaii, September 17, 2004.

Respectfully submitted,

By John E. Cole
JOHN E. COLE
Executive Director

DIVISION OF CONSUMER ADVOCACY

DOCKET NO. 03-0371
PUBLIC UTILITIES COMMISSION
CONSUMER ADVOCATE'S RESPONSES TO HECO/HELCO/MECO'S
SUPPLEMENTAL INFORMATION REQUESTS ON THE
CONSUMER ADVOCATE'S RESPONSES TO INFORMATION REQUESTS
FILED ON THE CONSUMER ADVOCATE'S WRITTEN DIRECT TESTIMONY

The responses to the following information requests were prepared by Mr. Herz, who is the sponsor of the responses.

HECO/CA-DT-SIR-1 **Ref: CA Response to HECO/CA-DT-IR-1.**

- a. Please provide a complete list of the rate components that would be part of an unbundled rate.

RESPONSE: The components of the unbundled rates are:

1. generation reserves used to standby or backup the customer's load;
2. transmission and distribution to deliver the services from the utility generators to the DG customers; and
3. generation auxiliary services including frequency control, voltage support and regulation of the fluctuation of the customer's DG load.

It is anticipated that the determination of each utility's unbundled rate components would be determined on a case by case basis developed from that utility's revenue requirements and cost of service analysis. The level of detail needed and the effort made to unbundle rates should be balanced with the information available, the cost of developing additional data, and the magnitude of the DG market and its impact on the utility's revenue recovery and revenue stability. The manner in which rates could

be unbundled is described in the testimony (see CA-T-1, page 60, line 14 through page 61 line 19).

- b. From the CA's response, it is HECO's understanding that the CA's primary reason for unbundling rates is to avoid the utility's losing all revenues associated with lost kWh sales due to the installation of non-utility customer sited DG. Does the CA agree that this is of significant concern when considering implementation of DG in Hawaii?

RESPONSE: The Consumer Advocate assumes that the term "this" refers to the potential for the utility to lose all revenues associated with lost kWh sales due to the installation of non-utility customer sited DG. If this assumption is correct, the Consumer Advocate agrees that a major concern under the existing bundled rate structure is that customers who install DG facilities to serve all or a part of the customer's energy needs, will not be required to pay for the costs incurred by the utility to serve that customer. The Consumer Advocate supports the concept that customers should pay for services provided by the utility and contends that the current unbundled rates will not accomplish that goal for customers who elect to install a DG facility to serve all or a part of the customer's energy needs.

- c. Please describe how the CA will address inter-class subsidies in its unbundled rate proposal.

RESPONSE:

The specific recommendations to eliminate existing inter-class subsidies must consider the rate impact on each customer class. Thus, the Consumer Advocate is unable to describe how the subsidies will be addressed at this time, without knowing specific information on the amount of the subsidy and the impact that removing the subsidy will have on the specific customer class. As HECO is aware, the Consumer Advocate has supported the gradual elimination of inter-class subsidies to mitigate the rate impact on the specific customer class.

- d. Under the CA's unbundled rate proposal, on what basis would unbundled rates be determined (i.e., would rates be unbundled based on utility avoided costs, embedded costs, short-run marginal costs or long-run marginal costs)? Please fully explain your response.

RESPONSE:

Because rate making in Hawaii is based on accounting (i.e., imbedded) costs and the imbedded cost of service study is the main basis of utility rates, the utility's unbundled rates would also be determined on the basis of an imbedded cost of service study. However, it is also anticipated that the utility's current use of marginal cost as a consideration of the rate design will continue to be utilized.

- e. Under the CA's unbundled rate proposal, if a DG customer paying the unbundled rate subsequently elects to go off-grid and the utility is not able to charge said DG customer the unbundled rate to receive compensation on and of the plant facilities that were initially constructed to serve said DG customer, does the CA propose that a service termination charge be imposed on said DG customer?

RESPONSE: The Consumer Advocate has not investigated nor formulated a position at this time regarding exit or service termination fees as a general matter. With respect to DG considerations, the Consumer Advocate's unbundled rate proposal does not include a service termination charge (see response to HECO/CA-DT-SIR-1 regarding rate components). Customers with customer-sited generation that are not interconnected with the utility grid are not considered DG for purposes of this proceeding and therefore the Consumer Advocate's unbundled rate proposal does not include exit or service termination charges.

HECO/CA-DT-SIR-2 **Ref: CA Response to HECO/CA-DT-IR-2.**

- a. Does the CA agree that there is an economic benefit to the utility and all of its customers from a CHP host's provision of a site for a utility generating unit? Please fully explain your response.

RESPONSE: There may be an economic benefit, but the question is whether the "economic benefit" bears any relationship to the proposed discount on energy charges proposed by HECO in its CHP application. Unless and until such an economic benefit is quantified, evaluated and shown to be related to the proposed energy rate discount, it is not possible to respond to this information request. Also, there are different locational benefits between customer sites, especially those located inside congested land pockets versus those located elsewhere in the electric system. An energy rate discount does not consider these types of distinctions.

- b. Does the CA agree that a CHP host's provision of a site for a utility generating unit facilitates the implementation of DG on the utility's system, which can ultimately benefit the utility and all of its customers? Please fully explain your response.

RESPONSE: The answer depends on the specific facts and circumstances of the situation. The point to be made is whether HECO's proposed energy rate discount bears any relationship to the alleged implementation benefit, and thus represents the lowest, reasonable cost of generation for the utility.

- c. Does the CA agree that it is reasonable to consider there may be differences between utility and non-utility DG in terms of unit reliability, dispatchability, maintenance practices, and other factors, and that ultimately a non-utility DG installation may provide less benefit to the overall utility system because of these differences?

RESPONSE: Yes.

- d. If the response to subpart c. above is yes, does the CA agree that it is reasonable to account for this difference in system value via some "difference in treatment" of a customer with a utility-owned CHP system from a customer with a non-utility owned system?

RESPONSE: A difference of treatment may be appropriate provided that it is not discriminating nor anti-competitive. The Consumer Advocate is not able to agree that HECO's proposed energy rate discount is the appropriate mechanism at this time since the Consumer Advocate has not had the opportunity to review all of the facts associated with the offering of such discount.

HECO/CA-DT-SIR-3 **Ref: CA Response to HECO/CA-DT-IR-5.**

Does the CA agree that the use of preferred supplier agreements will reduce the cost of equipment and services to the utility and reduce the administrative burden of seeking equipment bids for each and every utility CHP project? Please fully explain your response.

RESPONSE: The Consumer Advocate does not have information regarding preferred supplier agreements to enable it to agree or disagree with this question. In general, however, the Consumer Advocate would acknowledge that working with one supplier may have the potential to reduce the cost of equipment and services and reduce the administrative burden of seeking bids for each and every utility DG project. The decision to use one supplier, however, must be weighed against the concern that other qualified vendors may not have an equal opportunity to participate in the DG market or an opportunity to have an impact on leveling the playing field.

HECO/CA-DT-SIR-4 **Ref: CA Response to HECO/CA-DT-IR-6.**

- a. Does the CA agree that if a customer specifically desires the utility to own and operate a DG or CHP system at its site, and does not want a non-utility system, then the utility should be allowed to directly develop the project?

RESPONSE: Yes, provided that customer is not given discriminating or anti-competitive incentives because the customer elected to have the utility own and operate the DG or CHP system.

- b. To what degree of specificity should the IRP process identify desired DG resources, especially customer-sited systems?

RESPONSE: The utility should identify the specific areas where the installation of DG facilities can best benefit the utility's system. The IRP process should evaluate the proposals and measure the benefits of the installation of DG at these sites against the objectives that the utility wants to achieve in its IRP. Thus, the IRP process should identify the cost of installing and operating DG resources at specific sites and compare these costs to the cost of other resource options.

- c. How practical is it to rely on the IRP process to govern customer-sited DG?

RESPONSE: The IRP process can at a minimum identify those locations where the installation of DG is deemed to be most beneficial to the utility's system. Whether other systems are installed in other locations because of customer choice is beyond the utility's

control. Thus, while it is arguable that it may not be practical for the utility to identify all future customer-sited DG facilities in developing its IRP, the IRP process often involves numerous variables that would make determination of all future customer-sited DG facilities a difficult task.

HECO/CA-DT-SIR-5 **Ref: CA Response to HECO/CA-DT-IR-11.**

- a. For each utility provided in the IR response, please describe how their respective IRPs identified and addressed customer-sited DG or CHP, and how this information was used in actual implementation of projects at the customer sites.

RESPONSE: Information provided in response to HECO/DT-IR-11 was solely to respond to HECO's IR and was not used by the witness in developing the witness's testimony. Thus, the witness did not review the IRP of each company for purposes of this proceeding to be able to answer this question. However, DG would be incorporated in each of the Hawaii utility's IRP by incorporating at least the following information or analyses:

1. capital and operating costs for DG projects owned/operated by the utility;
2. assessment of DG capacity amount that would be included in the capacity plan and energy resource dispatch;
3. modeling of DG resources with equivalent availability and other factors similar to all other non-DG resources;
4. identification of locations on the system that DG would be of highest value;
5. as DG is installed, the utility would maintain a database of DG capacity and/or energy resources in IRP to include as existing resources in future IRPs; and

6. utility-owned DG would be included in the utility's competitive bidding process to ensure that it is acquiring the lowest reasonable cost resources.

b. If customer-sited DG or CHP was not specifically addressed in the respective IRPs, and DG was integrated into IRP more generically or on the basis of being sited at utility sites, please identify this.

RESPONSE: As indicated above, the witness did not review the utilities' IRP for purposes of preparing testimony in this proceeding and has not developed the information requested. In the case of Hawaii's electric utilities' IRP, DG should be addressed by identifying: (a) specific sites, if known; and (b) existing customer-sited and utility-sited DG. See also response to HECO/CA-DT-SIR-4, parts b. and c.

c. For each utility provided in the IR response, has the inclusion of DG resulted in deferred central station capacity and/or transmission facilities?

RESPONSE: As indicated above, the witness did not review the utilities' IRP for purposes of preparing testimony in this proceeding and has not developed the information requested. The IRP process for Hawaii's electric utilities would need to take into account the size of the cumulative DG projects in relation to the utility generating system to estimate if central station and/or transmission or generation facilities could be deferred.

- d. For each utility provided in the IR response, please provide the MW size of the utility's service territory and the number of distributed generators installed to date and their size in MW and the number of future distributed generators included in the utility's IRP plan and their size in MW.

RESPONSE: As indicated above, the witness did not review the utilities' IRP for purposes of preparing testimony in this proceeding and has not developed the information requested.

- e. For each utility provided in the IR response, please provide an internet address or name of a contact, including a phone number and address, in order to obtain a copy of the section of the utility's IRP plan that addressed DG.

RESPONSE: For purposes of preparing filed testimony, the Consume Advocate did not develop a list of Internet addresses or contacts for utilities that include DG in their IRPs. However, the IR response includes a web address that identifies the section of several utilities' IRP plans that address DG. The utility's Internet address generally can be found by using one of the many available Internet search engines.

HECO/CA-DT-SIR-6 **Ref: CA Response to HECO/CA-DT-IR-9**

Please define or explain the definition of "external costs". Please provide examples of the types of external costs that should be considered.

RESPONSE: The Consumer Advocate believes external costs or "externalities" should be considered when implementing DG. For example, HELCO and the Consumer Advocate agreed that concerns raised with respect to the Hawaii Externalities Workbook can be appropriately addressed in HELCO's upcoming 3rd IRP cycle (see Commission Order No. 20821 filed in Docket No. 04-0046, regarding HELCO's Integrated Resource Planning). The proper forum to address the definition of "Externalities" and the evaluation of externalities related to DG should be within the utility companies' IRP planning process. Thus, we are not attempting to address or define externalities outside of the context of the IRP process.

DOCKET NO. 03-0371
PUBLIC UTILITIES COMMISSION
CONSUMER ADVOCATE'S RESPONSES TO
KAUAI ISLAND UTILITY COOPERATIVE'S
SUPPLEMENTAL INFORMATION REQUESTS ON THE
CONSUMER ADVOCATE'S RESPONSES TO INFORMATION REQUESTS
FILED ON THE CONSUMER ADVOCATE'S WRITTEN DIRECT TESTIMONY

The following information requests are directed to the Division of Consumer Advocacy ("CA") and are based on the CA's Direct Testimonies.

KIUC/CA-DT/SIR-1 **Ref: KIUC/CA-DT-IR-5.**

In its response to KIUC/CA-DT-IR-5, the CA states: "The unbundling of the rates allows KIUC to receive compensation for the T&D and backup generation services provided to customers with customer-sited DG."

- a. Does the CA believe that unbundling of rates is the only way to ensure that KIUC will receive compensation for T&D and backup generation services? Please explain why or why not.

RESPONSE: Yes, to seek fair compensation for KIUC, unbundling rates is the only way to provide a proper matching of the costs incurred by the utility to provide the unbundled services to the compensation received from customers with customer-sited DG.

- b. Please explain whether the CA analyzed any other options that may be available to accomplish this. If so, please explain what other options were considered and the CA's position regarding their applicability for an electric cooperative. If not, please explain whether the CA would be amendable to considering and analyzing other options to accomplish the above objectives.

RESPONSE: The Consumer Advocate does not believe that there is any option other than unbundling the utilities' currently bundled rates in order for DG customers to appropriately compensate the utility for the

costs of the unbundled service provided to such customers. The unbundling of utility rates would be determined on a utility by utility basis. At that time, the Consumer Advocate is willing to consider and evaluate all elements and components of rate unbundling. See also response above.

KIUC/CA-DT/SIR-2 **Ref: KIUC/CA-DT-IR-5**

In its response to KIUC/CA-DT-IR-5, the CA also states "The components of the unbundled rates are:

generation reserves used to "standby or "backup" the customer's load served by customer-sited DG (often these reserves are included as part of generation ancillary services);
transmission and distribution to deliver the services from the utility's generators to the customer; and
generation ancillary services. . . "

Other elements of unbundled rates, as implemented in other states, include generation (as distinguished from generation reserves), metering services, non-standard facility charges, and competitive transition charges (in states embracing deregulation). Some states have also included "nonbypassable wires charges" to recover other charges that would otherwise be unrecoverable from customers installing DG.

Please explain whether the above elements as well as any other elements implemented in other states should be included as components of unbundled rates in Hawaii and for KIUC in particular. Please explain why or why not.

RESPONSE: Unbundled services and rates need to be determined on a utility by utility basis. When a determination is to be made regarding a utility's unbundled rates, the Consumer Advocate will need to consider and evaluate all components and elements to be included in the unbundled rates.

DOCKET NO. 03-0371
PUBLIC UTILITIES COMMISSION
CONSUMER ADVOCATE'S RESPONSES TO
HAWAII ENERGY RENEWABLE ALLIANCE'S
SUPPLEMENTAL INFORMATION REQUESTS ON THE
CONSUMER ADVOCATE'S RESPONSES TO INFORMATION REQUESTS
FILED ON THE CONSUMER ADVOCATE'S WRITTEN DIRECT TESTIMONY

The responses to the following information requests were prepared by Mr. Herz, who is the sponsor of the responses. The following is a supplemental information request to Joseph A. Herz, P. E., regarding his response to HREA-CA-T-1-IR-20 on his direct testimony (CA-T-1).

HREA-CA-T-1-SIR-1. In response to HREA-CA-T-1-IR-20, Mr. Herz discussed a scenario whereby the "DG competitive market will be defined through the IRP process. The subsequent competitive bid process and/or potential involvement of several market participants will provide the foundation for a level playing field." This approach appears to be similar to that proposed as a "structured competition model" in HREA's Direct Testimony (T-1) by Warren S. Bollmeier II. To clarify Mr. Herz's response:

1. Would Mr. Herz and the CA agree that the proposed Companies' CHP tariff does or does not comport with Mr. Herz's suggested IRP definition and competitive bidding approach (similar to HREA's structured competition model)?

RESPONSE: Since the CHP tariff is not an issue in this proceeding Mr. Herz has not analyzed this tariff to respond to this question.

2. HREA would agree that several market participants are needed for a competitive market, and would add that, among other characteristics, no one participant should have more than at 25% share of the market. We believe that a CHP market with five or more non-utility DG providers could achieve that goal. However, HREA is concerned about the market power that the Companies possess. As evidence of this market power (Reference HREA-HECO-T-6-IR-5), HECO has estimated they will achieve an 88% share of the CHP market (7,700 kW out of 8,700 kW by 2009 per HECO's Exhibit HECO-104 in their Direct Testimony). Please comment on whether the desired "competitive bid process and/or potential involvement of several market participants" can be achieved given the Companies goal to gain a 88% share of the market.

RESPONSE: Witness has not evaluated potential market participants related to the Companies' CHP goals and thus, lacks sufficient information to comment on this issue at this time.

DOCKET NO. 03-0371
PUBLIC UTILITIES COMMISSION
CONSUMER ADVOCATE'S RESPONSES TO HESS MICROGEN, LLC'S
SUPPLEMENTAL INFORMATION REQUESTS ON THE
CONSUMER ADVOCATE'S RESPONSES TO INFORMATION REQUESTS
FILED ON THE CONSUMER ADVOCATE'S WRITTEN DIRECT TESTIMONY

The responses to the following information requests were prepared by Mr. Herz, who is the sponsor of the responses.

HESS-SIR-1 to CA **Ref.: response to HESS-DT-IR-1 to CA:**

- a. Under the utility's current rate structure, isn't it the rate design, which mandates recovery of a portion of fixed costs in the energy charge, rather than the bundled rate, itself, which puts the utility at risk when a customer installs self-generation?

RESPONSE: The Consumer Advocate is unable to respond to this question since the Consumer Advocate has not had the opportunity to analyze the support for the existing rate structure of each electric utility in the State. Theoretically speaking, unbundling in a situation where the existing rate design does not properly recover the costs in the appropriate components (e.g., all fixed costs through the demand charge) may not correct the situation. The unbundling of rates, however, can at a minimum, allow the utility to recover some of the costs that are incurred to provide service to a customer who installs an on-site DG facility. The current bundled rates, when applied to DG customers receiving unbundled services from the utility does not provide compensation to the utility for the unbundled services.

If yes, please explain in detail how unbundling will correct the revenue shortfall if it is not accompanied by a change in rate design such that no fixed costs are recovered through the energy charge?

RESPONSE: See response the part a above.

If no, please explain in detail why.

RESPONSE: See response to part a above.

- b. When the witness refers to "stranded costs" is the witness referring to the risk of cost under recovery by the utility between rate cases, rather than the cost of potentially stranded facilities? Please explain in detail.

RESPONSE: The witness is referring to both the cost of potentially stranded facilities and under recovery of costs between rate cases.

- c. Please explain in detail, whether the witness/Consumer Advocate believes that any shortfall from the revenues projected in a rate case from any customer or customer class constitutes "stranded costs"?

RESPONSE: No. The witness in the referenced IR response is referring to costs not recovered from customers who install DG facilities under the utility's currently bundled rates, being that those rates are not compensating the utility for the costs of services provided.

- d. Please explain in detail, whether the witness/Consumer Advocate believes that when a customer elects to [sic] install self-generation for a portion of its load and purchases the remainder from the utility via supplemental service, does "stranded" facilities costs result?

RESPONSE: The answer depends on whether the utility is able to replace the load that was lost due to the installation of the DG facility through the load growth from other customers.

HESS-SIR-2 to CA **Ref.: response to HESS-DT-IR-2 to CA:**

- a. Please explain in detail the basis for the witness/Consumer Advocate's belief that the standby charge (for HELCO and KIUC) recovers only generation-related costs, and not a fully allocated share of associated transmission and distribution related costs.

RESPONSE: In preparing its response to HESS-DT-IR-2, the Consumer Advocate's witness stated that he was not able to speak about the cost components of HELCO's standby charge. Rather, the response discussed the theoretical components of a standby charge.

- b. If the standby charge also compensates the utility for transmission and distribution, would the witness/Consumer Advocate [sic] still propose that the utility's rates be unbundled. Please explain in detail the reason for your response, either positive or negative.

RESPONSE: Yes. The existing bundled rates are designed primarily for customers receiving full-requirements (i.e., bundled services from the utility). These existing bundled rates, when applied to DG customers receiving partial-requirements (i.e., unbundled services) does not provide compensation to the utility that is directly related to the costs of the unbundled services provided.

HESS-SIR-3 to CA Ref.: response to HESS-DT-IR-3 to CA:

Please explain in detail whether it is the witness/Consumer Advocate's position that a customer that self generates to offset a portion of its electric load should have to pay for transmission, distribution, and/or generation and ancillary services not received from the utility? If yes, please explain in detail the basis for holding customers of each class to a certain demand level? Also, how would such a demand level be determined?

RESPONSE: The utility will be required to construct facilities to be able to serve the customer when the customer's generator is not in service. Although, the customer may not be using the facilities during the time that the customer's generator is producing energy, these facilities are available, should the customer's generator fail for any reason. Thus, the customer should be required to pay for the facilities that are available or on "standby" even if the customer is not using the facilities 100% of the time. This response assumes that the customer is not willing to accept any interruption in service when the customer's generator is not in service.

DOCKET NO. 03-0371
PUBLIC UTILITIES COMMISSION
CONSUMER ADVOCATE'S RESPONSES TO THE COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS ON THE
CONSUMER ADVOCATE'S RESPONSES TO INFORMATION REQUESTS
FILED ON THE CONSUMER ADVOCATE'S WRITTEN DIRECT TESTIMONY

The responses to the following information requests were prepared by Mr. Herz, who is the sponsor of the responses.

COM-CA-SIR-8 The following request was not responded to in full. COM-CADT-IR-54, reference CA-T-1, page 30, line 10: Provide all analyses prepared by or for the Consumer Advocate or by or for Sawvel identifying the capacity value of as-available generation for utilities. In Docket 7310, the CA submitted a specific study on the capacity value of as-available generation. It is possible that the CA has had other analysis of this topic prepared. The request was not just for analyses prepared for this docket, but for any analyses prepared for the Consumer Advocate on the subject of the capacity value of as-available generation. This includes the analyses prepared for Docket 7310, and any other analyses prepared since that time.

RESPONSE: The Consumer Advocate has not prepared any analysis identifying the capacity value of as-available generation for the instant proceeding. The issues addressed in Docket 7310 were focused on the use of the proxy method to determine an electric utility's avoided energy costs and schedule Q rates. These issues are not set forth in Prehearing Order No. 20922 filed in this proceeding. Thus, the analysis conducted to address the issues set forth in Prehearing Order No. 12100 filed in Docket No. 7310 were not used to respond to the issues in this proceeding. Similar analyses, however, may be appropriate to determine the utility's unbundled rates and/or assist in the development of an IRP.

COM-CA-SIR-9 With reference to the response to COM-CA-DT-IR-55, Explain why Mr. Herz has not reviewed the studies prepared for the Consumer Advocate in Docket 7310. Was he not provided those analyses in the preparing to develop his testimony in this proceeding?

RESPONSE: See response to COM-CA-SIR-8. Furthermore, the analysis performed for Docket No. 7310 is based on information that is over 10 years old and may no longer have relevance given the change in costs and generation mix for each utility company since the time the analysis as prepared.

COM-CA-SIR-10 The following request was not responded to in full. COM-CA-DT-IR-56, reference CA-T-1, page 30, line 10: Provide any analyses prepared by or for the Consumer Advocate of the actual performance of as-available energy resources during periods of capacity shortfalls on Hawaii utility systems. In Docket 7310, the CA presented explicit analysis of the performance of as-available generators during periods of capacity shortfalls. We expected this analysis to be provided in response to this request. Provide the analysis prepared for the CA in Docket 7310, and any similar analysis prepared by or for the CA since that time.

RESPONSE: See the responses to COM-CA-SIR-8 and COM-CA-SIR-9.

COM-CA-SIR-11 Please clarify the response to COM-CA-DT-IR-65. If the utility owns the DG facilities at a customer premises, should the price paid by the customer be equal to the fully-allocated cost of the DG facilities, plus off-site services provided by the utility, or should the DG facilities be rolled into the utility's rate base, and the customer charged the otherwise applicable tariff rate (which might be greater or less than the cost of the service provided by the DG facilities plus off-site services on an unbundled tariff). The response to COM-CA-DT-IR-67 seems to imply that a separate calculation would be made for the cost of DG facilities, and charges applied based on those costs, while the response to COM-CA-DT-IR-65 seems to imply that customers would pay tariff rates for power. As we understand it, HECO is proposing that DG customers pay LESS than the tariff rate, and a rate that is NOT based on the cost of DG facilities. Please clarify exactly what treatment the CA is proposing be applied.

RESPONSE: If the utility owns the DG facility at a customer's premises, the customer would pay the tariff rate for power.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S RESPONSES TO SUPPLEMENTAL INFORMATION REQUESTS SUBMITTED BY THE PARTIES ON THE CONSUMER ADVOCATE'S RESPONSES TO INFORMATION REQUESTS FILED ON THE CONSUMER ADVOCATE'S WRITTEN DIRECT TESTIMONY** was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

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DATED: Honolulu, Hawaii, September 17, 2004.

Ann Johokawa